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SUMMARY RECORD OF THE 30th MEETING

Chairman:	Mr. SENGWE	(Zimbabwe)
later :	Mr. STEIN (Vice-Chairman)	(Germany)
later :	Mr. SENGWE (Chairman)	(Zimbabwe)

Chairman of the Advisory Committee on Administrative and Budgetary Questions : Mr. MSELLE

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The meeting was called to order at 10 a.m.

AGENDA ITEM 111 : FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/49/368, A/49/943, A/49/585, A/51/5 (Vols. I to IV), A/51/5/Add.1 to 10, A/51/283, A/51/488 and Add.1, A/51/523 and A/51/533; A/C.5/50/51)

1. Mr. REPASCH (United States of America) welcomed the reports issued by the Board of Auditors, which were comprehensive and provided an excellent overview of the finances and operations of the United Nations and its subsidiary organs. The United States attached great importance to the Board's external oversight function.

2. His delegation noted with concern, however, that the Board had issued qualified opinions on the financial statements of the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA), the united Nations International Drug Control Programme (UNDCP), the United Nations Environment Programme (UNEP), United Nations peacekeeping operations and the United Nations Habitat and Human Settlements Foundation (UNHHSF). In most cases, its opinions had been qualified because of the lack of compliance with established regulations, particularly with regard to the submission of documentation. The United States requested that immediate measures should be taken to remedy that situation and was similarly concerned about the possibility of the Board rendering qualified opinions for the 1996/1997 budget cycle.

3. His delegation would welcome additional information on a number of points. It noted that the Board had continued to maintain close cooperation with the Office of Internal Oversight Services (OIOS) and would be interested in knowing the circumstances under which it had collaborated with the Joint Inspection Unit (JIU). It took note of the Board's recommendation that appropriate norms should be developed for the selection of consultants from a wider geographical base and would welcome additional information on how those norms could be developed and implemented. In the view of his delegation, consultancies should be arranged on their merits. In the light of the statement in the report that persistent staff shortages in the Audit and Management Consulting Division had led to restricted audit coverage, he wished to know whether the Board of Auditors believed that the authorized staffing level was appropriate to provide adequate audit coverage, and, if not, what was the appropriate level.

4. The issue of the term of office of members of the Board of Auditors was still unresolved. The United States had agreed with the proposed extension of the term from three to six years to allow members of the Board the opportunity to audit three complete budget cycles. It believed, however, that that goal should be accomplished by phasing in the new terms through the election process and not by extending the terms of existing Board members.

5. His delegation was disturbed by the fact that the Board's findings were hardly different from those contained in previous reports and called on management to take the necessary steps to hold programme managers responsible for implementing audit recommendations. It further proposed the inclusion of "progress made in implementing audit recommendations" as a component of each manager's expectations and performance evaluation.

6. His delegation was glad to see that one oversight body had evaluated another and that, even though the results gave rise to some concern, particularly the shortage of resources, the Office of Internal Oversight Services had cooperated fully with the Board of Auditors and had agreed to implement its recommendations, thereby setting an example for the rest of the Organization to follow.

7. Among its numerous observations concerning volume I of the report (A/51/5), his delegation had been particularly struck by paragraph 57, which drew attention to the lack of effective budgetary control in regard to trust funds; paragraph 88, which indicated that the Procurement and Transportation Division still had not developed a system for maintaining necessary data on procurement cases which had been exempted from the bidding process; paragraph 127, which noted that, despite the losses it had suffered, the United Nations Postal Administration (UNPA) had not yet devised an appropriate marketing strategy; paragraph 185, in which the Board pointed out that, despite the Organization's limited resources, the Department for Development Support and Management Services had paid consultants fees that were more than a third higher that those paid by comparable organizations; paragraph 158, which indicated that no system of oversight had been developed to determine whether consultants had achieved the objectives set; paragraph 135, which indicated that, even though the Optical Disk Project had already spent 96 per cent of its allotment, the targeted outputs, in terms of user coverage, had not been achieved; paragraph 148, which pointed out that the Administration had not developed an adequate system for the purpose of controlling the cost of conference services; and paragraph 190, which dealt with the Board's concerns over lump-sum travel reimbursements. In that connection, the delegation of the United States was awaiting the results of the examination of United Nations travel policies being conducted by the Office of Internal Oversight Services.

8. In short, there were still many areas in which the Secretariat should increase its efforts to make its activities more efficient and economical. His delegation hoped that the Secretariat would implement the Board's recommendations in a timely manner.

9. Mr. CHOWDHURY (Bangladesh) urged the Secretariat to transmit the reports of the Board of Auditors to the Advisory Committee on Administrative and Budgetary Questions (ACABQ) in time for the latter to examine them in accordance with financial regulation 12.11.

10. Underscoring the importance of the audit at a time when the optimal use of resources had become essential, he observed that the "horizontal" audits had shown the inadequacy of internal audit in many United Nations funds and programmes and called for corrective action to be taken. Although the Audit Operations Committee of the Board of Auditors had established a continuing dialogue with the management of organizations, OIOS, JIU and the Advisory Committee, he would like to see a more coordinated process of consultations and information sharing among the Board, OIOS and the Secretariat. He agreed with ACABQ that the Board's findings should be considered collectively by the secretariats concerned, preferably in the Advisory Committee on Coordination. The Board of Auditors should offer precise guidelines on measures to be taken to implement recommendations which were awaiting implementation, and follow-up arrangements should be in place in the Secretariat and in the funds and

programmes. The question of the extension of the term of office of the Board members required careful evaluation, bearing in mind the principles of rotation, efficiency and the duration of the budget cycles.

11. He pointed out that ACABQ had given a qualified opinion regarding UNDP, UNFPA, UNEP owing to their long-standing problems relating, in particular, to the failure of executing agencies to comply with project agreements. The fact that expenditures exceeded real income, as was the case for the United Nations Children's Fund (UNICEF), was unacceptable to his delegation. It was also essential for the funds and programmes to streamline the process of selecting executing agencies with a view to improving the assessment of their implementation capacity and establish control measures such as requiring the agencies to submit standard reports. UNDP, in consultation with its Governing council, should take immediate steps to improve national execution modalities. UNDP and UNICEF should place greater emphasis on the control of contract payments and on internal audit. UNICEF also should strive to enhance transparency and accountability with regard to advances to Governments.

12. Although there had been some improvements regarding budgetary control and internal audit, the Board of Auditors had pointed out several instances of unauthorized overexpenditures by the United Nations University, the Office of the United Nations High Commissioner for Refugees (UNHCR) and UNEP, irregularities in budget estimation and programming and inadequate control over trust funds. Accordingly, the overall procedures for budgeting in those bodies should be reviewed immediately.

13. It was equally urgent to reform the procurement procedures of the Secretariat, particularly in view of the abusive practice of approving contracts on an ex post facto basis, the failure to respect the recommendation concerning the establishment of a vendor roster from a wider geographical base and numerous violations of the rules regarding letters of assist and the purchasing of equipment for peacekeeping operations. His delegation agreed with the Board regarding the lack of planning and believed that the Secretariat should ensure that the staff concerned were held personally accountable for losses and mismanagement.

14. As a major provider of troops for peacekeeping missions, Bangladesh was particularly interested in the liquidation of those missions. In its view, the transfer of property from a completed mission to an ongoing mission without a thorough assessment of the needs of the latter was a waste of resources. The delays involved and the lack of rigourous procedures regarding the liquidation of operations already had cost Member States millions of dollars. His delegation fully endorsed the Board of Auditors' recommendation that peacekeeping missions should be liquidated within a specified time-frame. The Secretariat should spare no effort to improve performance and inventory control and should avoid wasteful expenditures. Lastly, host Governments should conclude "status-of-forces" agreements and abide by the obligations therein.

15. As to the recruitment of consultants, measures must be taken to rectify the anomalies identified by the board. It truly was difficult to accept that the remuneration paid to consultants was 35 per cent higher than that paid by comparable organizations and that nearly 80 per cent of the consultants were from developed countries. Consideration of a sole candidate for appointment

should be discouraged and procedures to broaden the geographical base for recruitment should be introduced. The Secretariat should submit a detailed biennial report on the use of consultants and should use them only where absolutely necessary.

16. Mr. FARID (Saudi Arabia) noted that in its report (A/51/533), the Advisory Committee on Administrative and Budgetary Questions requested that in future the Board of Auditors should indicate more clearly those recommendations that had not been implemented and point out with greater precision recurring malpractices and violations of rules and regulations. Indeed, his delegation was deeply concerned at the seriousness of some of the malpractices to which the Board of Auditors had referred in its preceding report on the biennium ended 31 December 1993, which had not yet been remedied. It endorsed the observations concerning internal audit contained in paragraph 19 of the Advisory Committee's report and, in particular, that the audit function in funds and programmes required greater attention, that necessary staff resources should be provided and that there was a need to increase audit planning and to develop a mechanism to follow the implementation of recommendations.

17. If the fundamental weaknesses and irregularities pointed out by the Board of Auditors continued, funds provided by Member States ultimately would be misused. With regard to UNDP, UNFPA, UNDCP and UNEP, the Board of Auditors had been unable to obtain audit documents from Governments and non-governmental organizations to prove that the sums advanced had been spent for the intended purposes. UNDP, which received $3.5 million annually from Saudi Arabia, had paid $39.3 million to contractors for construction contracts, which sum had been certified on the basis of an architect's certificated, without adequate, independent supporting documents. Additionally, for four contracts amounting in total to $1.28 million, the Programme had paid the architect some $3.8 million on the basis of a percentage of the actual construction costs, rather than a percentage of the contracted costs as provided in the contract.

18. The Board of Auditors also had noted a breakdown of internal controls in UNICEF, arising from non-adherence to established financial procedures relating to procurement, recruitment and disbursements. Obvious symptoms of mismanagement either had been ignored or not effectively followed up by UNICEF headquarters.

19. Furthermore, UNICEF had included in the contributions receivable an amount of $14.1 million that had remained unpaid for 5 to 10 years and had not made provision for the amount of doubtful receivables. Furthermore, it recorded cash assistance to Governments as programme expenditure at the time funds were advanced, which was not consistent with the financial regulations. Lastly, its income projections for supplementary programmes had been overly optimistic. His delegation agreed with the Board of Auditors that UNICEF should review the basis for allocating general resources to country programmes in order to take into account recent significant changes in under five mortality rates and child population statistics. Saudi Arabia, which contributed $1 million to UNICEF annually, along with various donations, believed that it was necessary to implement the recommendations of the Board of Auditors, in particular those contained in paragraph 8 of the annex to document A/52/283, and that UNICEF should transmit a detailed report every six months on the measures adopted to remedy the current situation.

20. The Advisory Committee, in paragraph 57 of its report, observed that inventory management remained a problem, and recalled that, in his report on the management of peacekeeping assets (A/50/965, para. 2), the Secretary-General had stated that the Secretariat was developing an assets management system. His delegation concurred with the Advisory Committee that the system should be established as early as possible. Periodic reports on the status of the project should be submitted to the General Assembly, together with detailed reports on the steps taken by organizations to rectify failings in their internal audit systems, some of which were due to a lack of personnel.

21. Although his delegation did not participated directly in the activities of the Office of the United Nations High Commissioner for Refugees (UNHCR), it was very concerned by the Board's comment that, in several cases, programme planning had been deficient on account of inaccurate estimates of availability of funds and of the number of refugees and their needs. In that regard it should be recalled that, since the end of the Gulf war, Saudi Arabia had taken in a large number of Iraqi refugees, for whom it had built an entire town, which cost it $18 million per month. He supported the proposal by UNHCR regarding the presentation by its implementing partners of audited accounts (A/51/533, annex).

22. The Advisory Committee, in paragraph 21 of its report, emphasized the persistent problem of lack of effective procurement planning, with unnecessary recourse to exceptions to competitive bidding. In view of the large amounts of resources expended for procurement and the irregularities uncovered, his delegation endorsed the Advisory Committee's recommendation that procurement reform should be given top priority in the United Nations and its funds and programmes.

23. As indicated in paragraph 25 of the summary of the Board's findings, there had been insufficient use of expertise in procurement planning in eight peacekeeping missions. Some missions had paid for aircraft services not utilized, assessed at $2.4 million in the case of UNAVEM and at $400,000 in the case of UNOMIL. His delegation trusted that the various shortcomings and irregularities noted by the Board of Auditors would quickly be rectified.

24. Mr. WANG Yuhui (China) said that his delegation agreed with the conclusions and recommendations of the Advisory Committee on Administrative and Budgetary Questions, as well as those of the Board of Auditors; they provided a sound basis for discussion of the problems posed by the financial management of the Organization.

25. The Organization had suffered significant losses as a result of serious deficiencies in procurement practice, the management and use of resources and the engagement of consultants. Concerning procurement, a range of problems had been identified, including an absence of procurement planning and internal control, departures from normal procedures, particularly relating to competitive bidding, ex post facto approval of contracts (57 per cent of those reviewed) and the narrow geographical base of suppliers. Most suppliers were based in Europe and the American continent, and almost half of them were from one Member State. That situation had not arisen by chance. The Organization had been made to be dependent on a very limited number of suppliers; thus being incapable of taking effective measures against them, it was unable to obtain compensation in the

event of breach of contract, and failed to benefit from the best prices. Procurement reform was an absolute priority.

26. With regard to management of the Organization's resources and assets, errors in decision-making, lack of accountability and problems in the delegation of authority, misconduct and the lack of professional knowledge had caused financial losses. Given the limited resources available, that situation was unacceptable, and the Secretariat should not only punish those responsible but also strengthen monitoring mechanisms and, learning from experience, hold accountable those management personnel involved.

27. During the biennium 1994-1995, consultancy services had cost some $25 million. The situation was all the more disquieting in that serious irregularities concerning terms of reference, remuneration and evaluation of consultants' work had been identified. In addition, there was a serious geographical imbalance, since 80 per cent of consultants engaged by United Nations Headquarters had been from 12 developed countries. As the Advisory Committee recommended, balance must be restored; in that connection qualified experts from developing countries must be placed on the same footing as their counterparts in developed countries. In view of the irregularities identified, the question arose of whether the use of consultants really contributed to the effective implementation of the programmes of the Organization and of whether resources were being rationally used.

28. The expansion of United Nations peacekeeping operations seemed to have posed a whole series of problems relating to the use of resources and assets management. Together with procurement reform, there was a need not only to strengthen control procedures before payments were made to suppliers, inventory control and evaluation of the assets of liquidating missions, but also to eliminate overpayments on contracts and the transfer of unserviceable equipment.

29. Neither the quality nor the utility of the work of the United Nations and its agencies were denied by the identification of such problems. Nevertheless, they must be corrected. Unfortunately, the Board of Auditors had stated that in many cases problems identified in previous audits persisted. It was to be hoped that that would no longer be true in future, and that the necessary measures to ensure the sound management of the Organization's resources would be taken.

30. He noted with satisfaction the progress made in applying common accounting standards. He agreed with the Board of Auditors that United Nations organs should fully comply with those standards in their budget performance reports and in the financial statements to be submitted for the next biennium. Lastly, his delegation was interested in the question of the accounting treatment of delayed contributions, and believed that proposals in that regard should be considered by the General Assembly.

31. Mr. Stein (Germany), Vice-Chairman, took the Chair.

32. Mr. HANSON (Canada), speaking on behalf of Australia and New Zealand, in addition to his own delegation, said that all the recommendations made by the Board of Auditors deserved close attention; he expected the Secretariat to act expeditiously in implementing corrective action. Organizations had generally complied with the common accounting standards, but further work needed to be

done in certain areas. His delegation was pleased with the increase in audit coverage of peacekeeping operations, given the level of risk associated with such operations in their start-up and close-out phases.

33. It was regrettable, however, that the number of qualified audit opinions had increased from four in 1992-1993 to six in 1994-1995. Of particular concern were the United Nations Habitat and Human Settlements Foundation, where income had been overstated and separate trust fund accounts for Habitat II had not been maintained, as required by mandate, and the peacekeeping operations, where no provision had been made for contributions receivable, some of which had long been outstanding. A decision to designate any part of those unpaid contributions as uncollectable would be more than a matter of accountancy, it could be highly political. Nevertheless, the question should be addressed, since Member States could not close their eyes to the non-payment of significant amounts of assessed contributions. The decrease in the Organization's liquidity, to be discussed under agenda item 115, was also worrisome.

34. Performance on procurement had not greatly improved, as was apparent from the most recent reports of the Board of Auditors, which had identified such failings as rare use of tendering, approval after the fact of contracts above $500,000, lack of procurement expertise in peacekeeping missions, non-adherence to the Organization's rules and procedures in administering letters of assist, and overpayment of contracts. When the bidding process was circumvented, fairness, transparency and value for money were at stake. When the Committee on Contracts reviewed and approved contracts after the fact, its role was seriously compromised and control of the process was not effective. Training programmes should be expanded; the suspension of training due to financial constraints would increase the risk of losses. In view of the amounts involved and the recurrent problems experienced, reform of procurement and administration of contracts should continue to be a priority.

35. He noted with concern that it would take two years to complete the liquidation of the United Nations Operation in Mozambique (ONUMOZ). He hoped that the establishment of a coordination post within the Field Administration and Logistics Division would help to complete the liquidation of peacekeeping missions in a shorter time-frame.

36. Wide discrepancies had been reported between transfers and acknowledgments of non-expendable property. Those discrepancies must be investigated, explanations found and adjustments made. Standard procedures should be adhered to. Before assets were transferred from a liquidating mission, inventory and evaluation of assets should be carried out, so that costs associated with the transport, repair and storage of unserviceable and unneeded equipment could be avoided, and residual assets disposed of in the most cost-effective manner. As the Board had recommended, a list of surplus equipment from liquidating missions should be circulated to all other missions; decisions on retaining a strategic stockpile at the Brindisi Logistics Base should be taken centrally, with due regard for cost-effectiveness. The matter could best be considered when developing an overall policy on the management of peacekeeping assets.

37. With regard to consultants, the report of the Board of Auditors gave indications of mismanagement. Imprecise terms of reference made it difficult to monitor execution of contracts, 80 per cent of consultants were from

12 developed countries, and, in many cases, only one candidate had been considered. Further, the level of remuneration had been 30 to 35 per cent higher than that paid by comparable organizations. Since such problems had arisen in the past, the Secretariat should resume its practice of reporting regularly to the General Assembly on the hiring of consultants.

38. Overall budgetary control showed improvement, with the exception of trust funds. Expenditures had been incurred without allotments, regular budget funds had been used to bridge-fund extrabudgetary activities, and wide variances between appropriations, allotments and actual expenditures had been reported. He hoped that appropriate steps would be taken to ensure the proper management of trust funds.

39. Self-evaluation of subprogrammes was an important management tool, particularly in a period of budgetary constraint. As recommended by the Board of Auditors, the Central Evaluation Unit should ensure better coverage by self-evaluations, monitor the conduct of self-evaluations by departments and offices and take appropriate measures to improve their awareness of their usefulness. The Unit should report through the Secretary-General, to the General Assembly at its fifty-second session.

40. He encouraged the Secretariat to monitor closely the performance of the United Nations Postal Administration, which in 1994-1995 had posted a loss of $2.4 million. Although sales and personnel costs had increased, income had decreased. There was no need to reiterate that the loss was being borne by Member States.

41. As at 31 December 1995, unliquidated travel advances at UNICEF had amounted to $3 million, including $2 million outstanding for more than a year. Travel advances should not be treated as permanent interest-free loans; UNICEF should ensure strict adherence to the rules to avoid abuses.

42. The United Nations Habitat and Human Settlements Foundation had awarded a fund-raising contract to a consultant, at a cost of $209,498, which had yielded only $30,000. The same consultant, a retired United Nations staff member, had later been hired through a consulting firm, as a media adviser, and had been paid $12,000 per month for a period of 13 months. As the Board of Auditors had noted, the initial contract had not resulted in value for money, and the second virtually amounted to circumventing the rules on employment of retirees. The Administration had yet to provide a satisfactory response, and should provide an assurance that such situations would not recur.

43. The term of office of Board members should be extended to six years so as to equal three budget periods. External audit functions were an essential part of the oversight mechanism; in order to be most effective, they should be kept separate and distinct from internal oversight functions.

AGENDA ITEM 117 : ADMINISTRATIVE AND BUDGETARY COORDINATION OF THE UNITED NATIONS WITH THE SPECIALIZED INSTITUTIONS AND THE INTERNATIONAL ATOMIC ENERGY AGENCY (A/51/505 and A/51/523)

44. Mr. GILPI (Department of Administration and Management) introduced the statistical report by the Administrative Committee on Coordination (ACC) (A/51/505). The report was an information document, not requiring any decision.

45. Document A/51/523, on common accounting standards, had been prepared pursuant to General Assembly resolution 48/216 C. An annex to the report contained a revision of the standards. It had been considered under agenda item 111. The related comments of the Board of Auditors and of the Advisory Committee on Administrative and Budgetary Questions appeared in paragraph 47 of document A/51/5 (vol. I) and paragraph 6 of document A/52/283, and paragraphs 129 to 134 of document A/51/533, respectively. The Consultative Committee on Administrative Questions (Financial and Budgetary Questions) would continue to work on certain aspects of the standards, in cooperation with the Panel of External Auditors. The General Assembly was invited to take note of the common standards and of the intention of organizations to implement and further develop them.

AGENDA ITEM 141 : REPORT OF THE SECRETARY-GENERAL ON THE ACTIVITIES OF THE OFFICE OF INTERNAL OVERSIGHT SERVICES (continued) (A/50/945, A/50/1004, A/50/1005, A/51/302, A/51/305, A/51/432, A/51/467, A/51/486 and A/51/430 and Corr.1)

46. Mr. HANSON (Canada), speaking on behalf of his own country, Australia and New Zealand, welcomed the continued support of the Secretary-General for the Office of Internal Oversight Services, as demonstrated by his endorsement of the Office's recommendations without exception. That support was particularly important in view of the difficulties still experienced by the Office in gaining acceptance. The Office had rightly affirmed that the benefit of oversight was not only in the formulation of recommendations but also, and above all, in their implementation. A growing number of recommendations were being implemented. As a result of the Office's initiatives, more than $18 million in savings had been identified and $15 million had been recovered or prevented from being overpaid.

47. Concerning the request for additional resources formulated by the Under-Secretary-General for Internal Oversight Services, he stressed that the Office must be subject to the same resource constraints as the rest of the Organization. However, a sufficient amount should be allocated for travel since, in order for the Office to be effective, its personnel must be in the filed.

48. The follow-up by the Office of Internal Oversight Services to the report of the High-level Group of Experts on Procurement had revealed problems concerning pre-solicitation, contracting and contract administration; the Secretariat's failure to resolve those problems gave cause for concern. While it was true that the nature of the Organization's operations made risks and uncertainties inevitable no matter how effective the controls were, in that particular case, there were major deficiencies which had significant financial repercussions. Procurement procedures must be open and transparent, and managers must be held accountable for their actions, learn from their mistakes, set up effective

internal controls and conduct evaluations. Lastly, qualified and knowledgeable persons must be responsible for procurement. The Office of Internal Oversight Services should continue to monitor closely the reform of procurement procedures.

49. The establishment of a Lessons Learned Unit within the Department of Peacekeeping Operations was a welcome development; it was to be hoped that the initiative would yield results. However, the review of the management structure in the civilian staff component of the United Nations Peace Forces was somewhat disturbing; deficiencies had been found in a number of areas, particularly planning and internal controls while measures had been taken to correct the situation, progress was not sufficient in the area of internal controls. In view of the importance of internal controls, particularly at the early stage of peacekeeping missions, it was to be hoped that the recommendation of the Office of Internal Oversight Services and the recommendations formulated by the Board of Auditors concerning liquidation of peacekeeping operations would be taken into account in future missions. The reaction of some missions to the Office's recommendations was at times disturbing: for example, since the United Nations Mission of Observers in Tajikistan had not immediately taken the recommended measures, the Organization had apparently incurred additional losses of $300,000 in excess payments. The United Nations Iraq-Kuwait Observation Mission should also recover overpayments. Managers must be held accountable for losses incurred due to their mismanagement.

50. Turning to humanitarian activities, he said that many weaknesses had been identified in the financial controls of implementing partners, whose activities apparently could not be effectively monitored by the overseas offices of the United Nations High Commissioner for Refugees. Thus, certain implementing partners had charged exorbitant administrative costs and could not account for substantial project expenditures. He encouraged the High Commissioner, who had begun to take measures, to continue implementing the Office's recommendations. Moreover, he noted that the Office had made positive comments concerning the management and administrative practices of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). Despite the difficult conditions prevailing in the region, the Agency continued its activities thanks to the "commitment and dedication of its staff".

51. Concerning the establishment of new bodies, it was to be hoped that the Office's efforts would help to avoid a repetition of what had happened with the International tribunal for the Former Yugoslavia, where guards had been engaged for more than six months before the arrival of the first detainee.

52. The report on the investigation of alleged misappropriation of United Nations assets at the United Nations Gift Centre was disturbing; updated information on that incident would be welcome.

53. Mr. CHOWDHURY (Bangladesh) said that his delegation supported the views of the Group of 77 and China on agenda item 141. A strong internal oversight system was more essential than ever, but it could only be an effective management tool if the recommendations formulated were fully implemented in a timely fashion. To that end, the Secretariat should adopt a set of internal control standards at the earliest possible date; the Office noted their absence with regret in paragraph 93 of its report.

54. The efforts of the Office to coordinate its programme of work with that of the Board of Auditors and the Joint Inspection Unit were welcome. The activities of oversight bodies should be complementary, but, in order to avoid any confusion between the respective roles of those bodies, it would probably be useful to review their terms of reference and their working arrangements.

55. In its report on the audit of procurement in the Department for Development Support and Management Services (A/50/945), the Office identified a number of basic problems concerning procurement and contracting policy guidelines and inventory control. His delegation wished to be assured that measures had been taken to strengthen the planning and control of procurement and to improve cost-effectiveness. It noted with concern that nothing had been done to achieve greater geographical diversity among suppliers and urged that all United Nations agencies should respect General Assembly resolution 2688 (XXV). The question of procurement must remain a priority for the Office of Internal Oversight Services as long as the reform process continued.

56. The reading of the report issued following the investigation of alleged misappropriation of United Nations assets at the United Nations Gift Centre at Headquarters (A/50/1004) raised a number of questions. How could the Secretariat have accepted the fact that the Gift Centre's receipts had been declining since January 1992 without feeling concerned about the quality of management and the fact that the General Manager was systematically violating the Organization's Financial Regulations and Rules? Had proceedings been initiated against the General Manager and, if the Secretariat had not done so, why not?

57. As a result of the review of the management structure in the civilian staff component of the United Nations Peace Forces (A/51/305), deficiencies had been detected in the organization of operations and in financial management. On the basis of the lessons learned from such an audit, it should be possible to streamline the entire planning and management network of peacekeeping operations. In that connection, the Secretariat should not fail to take into account the findings and recommendations of the Office of Internal Oversight Services.

58. He was pleased to note that OIOS had been extremely active and had put forward some interesting ideas on the programming and budgeting process. His delegation, however, would appreciate information on the criteria applied for identifying those issues which required an inspection rather than an investigation and on the methods of work in both cases. It would also like to receive clarifications regarding the management improvement functions of OIOS, which presumably fell within the responsibility of the Audit and Management Consulting Division.

59. He hoped that the current restructuring of the Centre for Human Rights could be implemented as rapidly as possible and that, as recommended by OIOS, a system of programme oversight would be established within that framework.

60. As OIOS was a potential instrument for upholding the public image of the United Nations and enhancing efficient management, his delegation encouraged it to assume more proactive and result-oriented role.

61. Mr. SINGWE (Zimbabwe) resumed the Chair.

62. Mr. DEINEKO (Russian Federation) supported the four priority areas identified by OIOS, including preliminary assessment and planning of new missions and bodies, as well as peacekeeping operations oversight. In that context, he drew attention to several OIOS reports, in particular the review of the management structure in the civilian staff component of the United Nations Peace Forces (UNPF). The conclusions of that review were of substantial interest for the further planning and efficient management of new missions, as well as for the management of ongoing peacekeeping operations, for which internal control mechanisms should be established at an early stage. The clear and specific recommendations contained in the report should be translated into directives, manuals and standardized operational procedures. It was unclear, however, why such an exercise had not been carried out earlier, given that the United Nations had been conducting peacekeeping operations for some 40 years.

63. For an organization to function effectively, proper implementation of recommendations aimed at improving its activities was of paramount importance. In that connection, his delegation welcomed the fact that the majority of programme managers had begun to accept OIOS observations. That confirmed that OIOS was gradually finding its place and that understanding of its role as an independent and efficient internal oversight body was increasing.

64. While his delegation welcomed the information contained in the OIOS report concerning cost savings recommended and amounts recovered, he recalled that, in 1994, it had requested OIOS to monitor the recovery by the Organization of improperly spent resources amounting to over $10 million. Since the report failed to provide an answer on that point, his delegation hoped that the Secretariat would clarify the situation.

65. Information concerning numerous cases of fraud, abuse of authority, waste of resources and even forgery of official documents should be treated with great seriousness. The Administration apparently failed to pay due attention to the issue of the personal liability of the staff. Moreover, there were obvious gaps in the procurement planning activities, while control over field procurement was insufficient. There was also room for improvement of the transportation system in peacekeeping operations.

66. His delegation was disappointed with the outcome of the investigation into the Access Control System project and questioned the usefulness of diverting human and material resources from OIOS to resolve a problem which already had a known solution. It was also concerned to read in the report of the resistance within the United Nations Secretariat to the eventual introduction of an access control system.

67. His delegation welcomed the cooperation and coordination between OIOS and the Board of Auditors and the Joint Inspection Unit (JIU), which was not just a duplication of functions. It also welcomed the interaction between OIOS and JIU concerning the practice of outsourcing. In the context of such activities, it was essential to give careful consideration to the purpose and cost-effectiveness of setting up joint administrative and conference services in places where several United Nations and other international organizations were located.

68. Mrs. RODRIGUEZ-ABASCAL (Cuba) said that her delegation fully associated itself with the views expressed by the representative of Costa Rica on behalf of the Group of 77 and China. It encouraged OIOS to pursue the action undertaken in accordance with General Assembly resolution 48/218 B with a view to improving the implementation of programmes adopted by the legislative bodies and enhancing the efficiency of the United Nations. It hoped that OIOS would provide the necessary support to programme managers and encourage them to increase their use of self-evaluation, a practice which, according to paragraphs 269 to 273 of the report of the Board of Auditors, had been largely neglected. Generally speaking, OIOS should take more active measures to avoid such gaps.

69. Clarifying her delegation's position on the question of reform, she said that it shared the concern expressed by JIU in paragraph 49 of its report concerning the risks associated with a process of ongoing reorganization. She welcomed the practical measures taken to strengthen cooperation between OIOS and the external oversight bodies, namely JIU and the Board of Auditors. In that connection, she wondered why the Board of Auditors had not submitted its views on the OIOS reports in accordance with General Assembly resolution 48/218 B.

70. Her delegation was surprised that the report of the Secretary-General on the activities of the Office of Internal Oversight Services A/51/432) should include a preface. As for the degree of priority given to activities, it believed that it was inappropriate for the Secretariat to revert in the report to proposals which had been rejected by Member States. The requests for additional resources which the Under-Secretary General for Internal Oversight Services intended to submit for the following biennium should be examined on the basis of the priorities set by the General Assembly and the need to strengthen monitoring, internal audit, inspection and evaluation. According to paragraph 3 of the report, programme managers were required to implement final OIOS recommendations fully and to report quarterly on the status of implementation. Her delegation wished to know how that provision was linked with those contained in General Assembly resolution 48/218 B concerning the implementation of recommendations, as well as the position of programme managers in that respect.

71. According to paragraph 4 of the report, the Secretary-General had decided that each department should designate a reference person to assist in coordinating oversight-related activities. As no such post had been approved in the proposed programme budget, her delegation wished to know how many staff members would assume that function, what their status would be, and -- unless they occupied a new post, which the Secretariat should indicate -- how they would reconcile that new function with their normal job descriptions.

72. With regard to the priority areas for oversight identified by OIOS, including problems in establishing new bodies, she stressed that the establishment of bodies was a prerogative of Member States and that OIOS should confine itself, as appropriate, to considering their management procedures.

73. Her delegation wondered whether the reports of the Office of Internal Oversight Services had been considered under the relevant item of the agenda, as had been decided by the General Assembly in paragraph 2 of its resolution 50/239. In the light of the provisions of paragraph 3 of that resolution and paragraphs 1, 2 and 3 of the annex to document A/51/530, it appeared that the Assembly was unable to consider the reports on which the Joint Inspection Unit

had yet to comment because they had not been issued in time. Her delegation noted with surprise that concrete measures had already been taken by the executive boards of the funds and programmes mentioned in paragraph 11 of resolution 48/218 B, and it requested the Secretariat to provide information on the state of preparation of the report that the Assembly had requested the Secretary-General to submit to it on the matter and on what the legislative organs of the bodies concerned had decided.

74. Her delegation would also like to know what initiatives had been taken to ascertain that programme managers were implementing the recommendations approved by external oversight bodies, as required by paragraph 5 (c) (ii) of resolution 48/218 B.

75. In paragraph 8 of document A/51/432, the Secretariat had given $15.8 million as the cost savings and recoveries resulting from the actions of the Office. Her delegation would like to know if those figures had been calculated by OIOS or by the Office of the Controller and how the savings would appear in the revised appropriations for the 1996-1997 biennium.

76. The Secretariat should provide delegations with additional information on the functions of the Investigations Section and particularly on the criteria used to decide which complaints would lead to an inquiry. It should clarify whether the Section acted only on the basis of complaints or whether it also undertook investigations on it sown initiative. The inquiry into the seminars organized by the Committee of Twenty-four had been surprising, as were the explanations provided by OIOS in paragraph 3 of its report on the matter (A/51/486, annex), and it was particularly worrying that the inquiry had been undertaken on the basis of a complaint. The Secretariat should state whether the Committee of Twenty-four had been informed of the problem and, if so, what it had decided. It should stressed in that regard that the mandate of CIOS did not extend to Member States or their representatives.

77. While her delegation reserved the right to address the matter of the thematic reports at the appropriate time, it wished to take the present opportunity to express its dissatisfaction at the results of the audit of the United Nations Access Control System project. The Joint Inspection Unit should, without further delay, initiate the investigations it had deferred while awaiting the outcome of the Office's endeavours.

78. Mr. ODAGA-JALOMAYO (Uganda), associating himself with the observations made by the representative of Costa Rica on behalf of the Group of 77 and China, sought clarification on a number of points, particularly the staffing of the Office of Internal Oversight Services.

79. According to the job descriptions given in vacancy announcements, candidates should have experience in the field of law enforcement. For those delegations that had participated in framing the mandate of the Office, such a requirement was to say the least troubling. Since it was intended to protect the property of the Organization, the Office was principally required to exercise auditing functions rather than to conduct inquiries into criminal actions, which would normally be a police activity. The Under-Secretary-General

for Internal Oversight Services should provide explanations on that score and indicate how he envisaged the auditing and investigation functions.

80. When it created the Office of Internal Oversight Services, the General Assembly had sought to protect staff members who called attention to wrongdoing from possible reprisals. The Under-Secretary-General should indicate whether inspectors had been refused promotion after investigating cases of fraud, mismanagement and abuse of power.

81. Member States needed certain information in order to consider the Under-Secretary-General's request for additional posts. Information was required on the number of inspection posts occupied by fully qualified persons together with the nationality and grade of the staff members concerned.

82. The press had recently reported cases of wrongdoing, embezzlement of funds and mismanagement of resources in Arusha and in Geneva. In the case of Arusha, the names of the staff members involved had been disclosed. On the other hand, it seemed that considerable pressure had been brought to bear to suppress information on the case in Geneva. The Under-Secretary-General should indicate what measures had been taken by the Office to investigate the two cases and what recommendations it had made.

ORGANIZATION OF WORK

83. The Chairman said that he had received a communication from the President of the United Nations Staff Committee asking to be allowed to address the Fifth Committee on agenda item 120 (Human resources management). He recalled in that connection that the Committee had decided to keep the item under review so as to consider the communication from the Sixth Committee regarding the legal implications of the reform of the internal system of justice of the Secretariat (A/C.6/51/7, annex) and the report of the Joint Inspection Unit on recruitment.

84. He had also received a communication from the President of the Federation of International Civil Servants' Associations asking to be allowed to speak on agenda item 121 (United Nations common system). He had further been informed that, taking account of the change in the composition of staff representation bodies since the adoption of the General Assembly resolution 35/213, on access by staff representative to the Fifth Committee, the Administrative Committee on Coordination, the Consultative Committee on Administrative Questions and the International Civil Service Commission had accorded the same right to the Coordinating Committee for Independent Staff Unions and Associations of the United Nations System.

85. Pursuant to resolution 35/213, and taking account of the wish expressed by Member States to hear from staff representatives on the question of human resources management, he proposed that those requests should be granted.

86. Mr. ODAGA-JALOMAYO (Uganda) said that, while he did not oppose the proposal, it should be borne in mind that statements by staff representatives should be for the purpose of assisting the Committee in its work.

87. Mr. LOZINSKI (Russian Federation) said that he supported the position expressed by the representative of Uganda.

88. The CHAIRMAN said that he would communicate the observations made to those concerned. If he heard no objection, he would take it that, in accordance with the practice observed at previous sessions, the Committee agreed to grant their requests.

89. It was so decided.

The meeting rose at 12.40 p.m.

UNITED NATIONS

General Assembly

FIFTY-FIRST SESSION

Official Records

FIFTH COMMITTEE
31st meeting
held on
Thursday, 21 November 1996
at 10 a.m.
New York

SUMMARY RECORD OF THE 31st MEETING

Chairman: Mr. SENGWE (Zimbabwe)

Chairman of the Advisory Committee on Administrative and Budgetary Questions : Mr. MSELLE

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The meeting is called to order at 10.10 a.m.

AGENDA ITEM 111 : FINANCIAL REPORTS AND AUDITED FINANCIAL STATEMENTS, AND REPORTS OF THE BOARD OF AUDITORS (continued) (A/49/368, A/49/943, A/49/585, A/51/5 (Vols. I to IV), A/51/5/Add.1 to 10, A/51/283, A/51/488 and Add.1, A/51/523 and A/51/533; A/C.5/50/51)

1. Mr. SHIN (Republic of Korea) said that it was discouraging to note the persistence of many of the weaknesses and irregularities connected with procurement in the United Nations and its funds and programmes identified by the Board of Auditors in its previous reports. The recommendation that all procurements above $200,000 should be by open tender had rarely been implemented. In addition, 57 per cent of contracts involving United Nations Headquarters had been reviewed by the Committee on Contracts partly or wholly ex post facto. Letters of assist were not administered in accordance with the Organization's rules and procedures and, for lack of planning, goods were procured on a piecemeal basis and the competitive-bidding procedures left much to be desired. It was therefore necessary, as the Advisory Committee on Administrative and Budgetary Questions (ACABQ) had suggested, for the Organization to give top priority to the reform of procurement.

2. With regard to the liquidation of peacekeeping operations, the transfer of property from a liquidating mission to continuing mission should be preceded by an adequate assessment of the needs, in order to avoid the transfer of unserviceable property at additional costs to the Organization. In that connection, improved inventory management would reduce expenditures on freight and maintenance in the operational area.

3. It was disconcerting that nearly 80 per cent of the consultants engaged by Headquarters came from 12 developed countries and that 47 per cent of all contracts awarded by the Department for Development Support and Management Services in 1994 had gone to consultants from four countries. As the Board of Auditors had recommended, appropriate standards had to be established for the selection of consultants, who must be recruited from a broader geographical base. In view of the large financial implications of the question, the Secretariat should submit regular reports to the General Assembly, through ACABQ, on the engagement of consultants.

4. Turning to the issue of staff accountability, he said that the Secretariat should give priority to measures which would supply satisfactory remedies in the event or irregularities in programme management and implementation. Furthermore, emphasis must be given to the need to ensure that staff training activities were designed not only to teach the persons concerned about United Nations procedures but also to enhance their sense of responsibility.

5. His delegation agreed with ACABQ that, until the General Assembly decided otherwise, assessed contributions remained collectable regardless of the length of the period of arrears. It endorsed most of the recommendations of the Board of Auditors and urged the Secretary-General to take the necessary action for their implementation.

6. Mr. PREMPEH (Chairman of the United Nations Board of Auditors), responding to the questions put and observations made during the discussion, noted that, in

the opinion of all delegations, the Secretariat and the managers of the various funds and programmes should redouble their efforts to put an end to the irregularities to which the Board had repeatedly drawn attention. During the biennium 1996-1997 the Board would evaluate the action taken by the various bodies to implement its recommendations and, in the reports which would be drawn up on the basis of that exercise, it would devote a separate section to cases of recurring malpractice or irregularity in which its recommendations had not been carried out.

7. With regard to the recruitment of consultants the Board believed that a fair balance must be struck between the criteria of efficiency and competence and the need to broaden the geographical representation. The selection process would be more transparent and equitable when the Administration resumed the practice of keeping updated rosters, arranged by occupational grouping and technical expertise and indicating nationality and frequency of engagement, and when it ceased to recruit on the basis of consideration of only one candidate.

8. The Board noted that delegations supported its recommendation that the Secretary-General should give more attention to the liquidation of peacekeeping missions and ensure that the corresponding tasks were carried out expeditiously and within a specified time-frame in order to avoid waste of resources.

9. The Board had also taken note of the request for it to carry out a follow-up audit on the administration of letters of assist. It would also follow up its recommendation concerning the construction contracts issued by the United Nations Development Programme (UNDP) and would report back to the General Assembly.

10. On the subject of fraud and presumptive fraud the Board confirmed that the 148 cases mentioned in its report represented a total of $3.171 million and concerned six organizations and staff members as well as non-staff members.

11. The Board considered that, if the financial statements for peacekeeping operations were to reflect the financial position accurately, the assessed contributions which Member States intended not to honour and which had been outstanding for a long time should not be treated as receivables likely to be realized in the short term. However, it concurred with the Advisory Committee that, until the General Assembly decided otherwise, all assessed contributions remained collectable.

12. The Board was determined to cooperate more closely with the Office of Internal Oversight Services (OIOS) and the Joint Inspection Unit (JIU). It was holding ad hoc meetings with JIU and organizing its work while keeping in mind the Unit's work plan. The Board and JIU also exchanged advance copies of their reports to the General Assembly. Finally, tripartite meetings of the three bodies - the Board, JIU and OIOS - were planned with a view to strengthening coordination between the oversight bodies.

13. With regard to the staffing of the Audit and Management Consulting Division, the Board was of the opinion that such decisions should be taken by the General Assembly, taking into account the opinions expressed by the Secretariat on that question.

14. The Board would continue to study the procurement systems of the United Nations and of the funds and programmes and would make appropriate recommendations for their improvement. Recalling that the General Assembly had requested it to present its comments on all the final reports of OIOS, he said that the Board intended to comply with that request where appropriate. Finally, it trusted that the Administration of the United Nations Children's Fund (UNICEF) would take steps to implement its recommendations with a view to enhancing efficiency and effectiveness.

15. Mr. NIWA (United Nations Development Programme) said that the analyses and conclusions presented by the Board of Auditors, especially the horizontal audits, had been very useful to the United Nations Development Programme (UNDP) and pointed out that the Initiative for change, launched in 1994 to reinforce its management capabilities, had taken the Board's recommendations into account.

16. The auditors had qualified the opinion on account of outstanding audit certificates for national execution expenditures. UNDP had brought that situation to the attention of recipient Governments on repeated occasions and had taken several steps to correct the situation. A long-term audit plan had been established to ensure that sufficient audit evidence was achieved for nationally-executed projects. However, because of the significant increase in nationally-executed projects, the current strategy for obtaining audit certificates no longer offered sufficient guarantees, and UNDP had therefore decided to review its strategy for the auditing of nationally-executed projects, in cooperation with the Board. It intended to propose a revision to the relevant financial regulations in the second quarter of 1997.

17. Pursuant to the Board's recommendations, in mid-1997 the Executive Board of UNDP would consider a policy document on national execution which contained a new definition of objectives and strategies. Revised guidelines and procedures would be issued and a monitoring and evaluation system, taking into account the lessons learned, would be put in place. With regard to strengthening the assessment of the capacities of recipient Governments, revised guidelines would identify gaps, with a view to establishing new standards of capacity. UNDP support for projects would address such problems.

18. Fully aware of the seriousness of the situation concerning the Reserve for Field Accommodation, UNDP had taken steps to correct problems as soon as they were identified. In that connection, he expressed appreciation to the Board for its efforts to assist the Programme. UNDP would continue to keep its Executive Board informed of the steps taken to strengthen monitoring of the management of that Reserve. The results of the in-depth investigation of accountability, part of which consisted of a review of the validity of contractual obligations, with the assistance of the United Nations Office of Legal Affairs, would be reviewed by a special advisory committee established for that purpose. The corrective action taken as a result would be reported to the Executive Board of UNDP and to the General Assembly, through ACABQ.

19. With regard to the strengthening of internal audits, he pointed out that, despite the budget cuts approved for the biennium 1996-1997, staff in the Division for Audit and Management Review had not been reduced; on the contrary, significant additional resources had been allocated to it for the contracting of audits by major international audit firms in order to expand audit coverage.

The Initiatives for change also contained measures aimed at reinforcing internal controls. Most of the recommendations of the Board of Auditors were being implemented. Staffing levels would be reviewed within the context of the changed management process and the overall budget strategy for the following biennium.

20. Mr. ANDO (United Nations Population Fund) stated that the Board of Auditors had qualified its audit opinion on the financial statements provided by the United Nations Population Fund (UNFPA). That qualification stemmed from the failure of executing agencies to submit the required annual audit reports in a timely manner.

21. UNFPA had taken several initiatives to address that issue. The UNFPA Internal Audit Section had completed an in-depth review of project audit requirements, and its findings and recommendations would be used to revise financial rules and procedures and institute improved monitoring and follow-up by executing agencies. That system should be operational by mid-1997.

22. UNFPA had also initiated a thematic evaluation of execution modalities which would assess the effectiveness of the various types of executing agencies and their managerial and technical competence. That evaluation, which would be completed in early 1997, should provide criteria for capacity assessments and capacity-building. It should also be a first step in addressing the question raised by ACABQ in paragraph 107 of its report.

23. Finally, UNFPA had started the process of revising its national execution guidelines to address the findings of the Board of Auditors, especially with regard to the need for a more systematic approach in meeting national execution guidelines to address the findings of the Board of Auditors, especially with regard to the need for a more systematic approach in meeting national execution requirements and helping Governments to achieve self-sufficiency. In addition, due attention would be paid to the related issues of improved oversight, streamlined reporting formats and the inclusion of detailed work plans in project documents.

24. In that context, UNFPA agreed with the Board's recommendation that field office capacity must be assessed in view of the increased workload associated with national execution, but stressed that the efforts of individual funds and programmes could only go so far. That was why UNFPA had suggested that a global assessment of national execution and the setting of strategy targets should be carried out in the context of the United Nations development system. He therefore welcomed the suggestion from ACABQ that the executive heads of the funds and programmes should, preferably in the context of the Administrative Committee on Coordination, seek to develop a coordinated strategy to address the shortcomings identified by the Board of Auditors.

25. He reassured ACABQ and the members of the Fifth Committee that the Executive Director of UNFPA gave very high priority to the findings and recommendations of the Board. In order to expedite the issuance of the revised policies and procedures which would facilitate the implementation of those recommendations, the executive Director had established a task force to complete the revision of all pending documents by mid-1997.

26. Ms. SHAM POO (United Nations Children's Fund (UNICEF)) said that UNICEF would continue to implement as promptly as possible the recommendations of the Board of Auditors and those of its own Internal Audit Office. Furthermore, UNICEF was continuing the dialogue which it had begun with its Executive Board, the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Board of Auditors with regard to the programme for the improvement of its management methods.

27. With regard to the staff members of the UNICEF Kenya office whose fraudulent activities had been discovered during a routine internal audit in 1994, UNICEF was following the matter very closely and informing its Executive Board regularly of developments. The management of the Kenya country office was completing the implementation of the recommendations made as a result of the follow-up review carried out in September 1996. Sound internal control mechanisms were now in place, but had yet to be put to the test. The office's programme had been revised and highly productive meetings had been held with the participation of the local authorities and interested donors. Regrettably, it had been necessary to summarily dismiss 33 staff members and the matter had been brought to the attention of the Kenyan authorities, which had been most cooperative. The first court appearance had taken place in October 1996. Should such a situation recur, UNICEF would again request the authorities of the country concerned to initiate legal proceedings, and it was to be hoped that other United Nations bodies should act in a similar fashion.

28. The total amount of cash assistance to Governments, which had reached $120.1 million at the close of the previous biennium, had been reduced to $83 million at mid-1996. Representatives and regional directors of UNICEF had been informed that the Controller was to carry out an analysis of cash assistance for which reimbursement was more than nine months overdue, in order to be able to indicate to the Executive Director those field offices whose authority in that respect should be suspended, and they had been invited to make every effort to ensure that there were no grounds for recourse to those sanctions. Efforts in that area would continue and should yield tangible results by the close of the current biennium.

29. Mr. MBAIDJOL (Office of the United Nations High Commissioner for Refugees (UNHCR)) said that the Standing Committee of UNHCR, which met four times each year, systematically examined audit issues, which were included as specific items in its agenda.

30. With regard to budget variance, ACABQ had stated in its report (A/51/533) that the environment in which UNHCR operated contributed largely to differences between initial and actual budgets, especially as they related to special programmes.

31. As far as audit certification was concerned, the auditing of the accounts of UNHCR implementing partners had been discussed at the 4th meeting of the Standing Committee. The UNHCR paper on the subject (A/52/533, annex) had been forwarded to the Office of Internal Oversight Services, the Board of Auditors and ACABQ, which had welcomed the measures proposed therein. UNHCR was continuing to discuss those measures with the Board of Auditors, with a view to reaching a mutually satisfactory arrangement, and was seeking to determine

whether non-governmental organizations would be able to comply with the criteria envisaged.

32. With respect to the Lysol procurement, it was unfair and inaccurate to claim, as the Secretary-General had again done in document A/51/283, that the loss incurred amounted to some $3 million: that figure was in fact the sum spent by UNHCR. The Standing Committee had considered and accepted the following explanations: it was the local authorities which had requested that the disinfectant should be provided, at a time when the public health situation had been a cause of great concern, only to refuse delivery subsequently on the pretext that the product was dangerous, but without producing evidence to support that claim. Their refusal could only be explained by political factors. UNHCR had immediately notified the donor concerned, the European Commission, and had drawn the matter to the attention of the Court of Auditors of the European Communities, which had concluded that the problem was indeed linked to the political context and decisions outside the control of UNHCR. The purchase had been made in exceptional circumstances and there was no reason to state that the problem might recur because of shortcomings in the procedures followed by UNHCR with regard to its bulk purchases.

33. With regard to the deficiencies cited in the areas of sub-agreements, and programme planning, monitoring and evaluation, UNHCR had informed the Board of Auditors that standard indicators and monitoring tools would be developed to allow for more accurate monitoring of objectives.

34. Training of internationally recruited professional staff was ongoing and a handbook for the use of implementing partners had recently been published. UNHCR supported the recommendation that, in future, the Audit and Management Consulting Division should conduct more frequent and extensive audits of UNHCR operations.

AGENDA ITEM 117 : ADMINISTRATIVE AND BUDGETARY COORDINATION OF THE UNITED NATIONS WITH THE SPECIALIZED INSTITUTIONS AND THE INTERNATIONAL ATOMIC ENERGY AGENCY (A/51/505 and A/51/523)

35. The CHAIRMAN suggested that the Committee should recommend to the General Assembly that it should take note of the statistical report by the Administrative Committee on Coordination (A/51/505) and the Secretary-General's report on accounting standards (A/52/523).

36. It was so decided.

37. The CHAIRMAN said that the Committee had thus completed its consideration of the agenda item and requested the Rapporteur to report directly thereon to the General Assembly.

AGENDA ITEM 140 : ADMINISTRATIVE AND BUDGETARY ASPECTS OF THE FINANCING OF THE UNITED NATIONS PEACEKEEPING OPERATIONS (A/48/622 and 912; A/49/654, 906 and Corr.1 and 936; A/50/684, 797, 907, 965, 976, 983, 985, 995, 1009 and 1012; A/51/389 and 646; A/C.5/50/51; A/C.5/51/8)

38. Mr. MAHUGU (Kenya) expressed concern at the financial difficulties facing peacekeeping operations and observed that troop-contributing countries were

forced to bear the cost because certain Member States were not honouring their obligations. He fully endorsed the ACABQ report on reform of the procedures for determining reimbursement to Member States for contingent-owned equipment (A/51/646). In particular, he considered that the term "Contribution Agreement", which implied that approval at the national level was required and therefore caused certain difficulties, should be replaced by the words "Memorandum of Understanding".

39. Kenya, as a troop-contributing country, had grave reservations with regard to the existing insurance arrangements for troops. The principle of equal treatment of Member States was not respected and the preparation of claims was a lengthy and complex process. Among the options presented by the Secretary-General at the request of the General Assembly in its resolution 49/233, option 2 seemed to be the best, since it would enable the administrative arrangements to be simplified and the settlement of claims expedited, the procedure being initiated in the filed on the basis of accident reports, board of inquiry reports and Provost Marshal investigations.

40. His delegation was concerned at the increased use of gratis military officers. He noted that they came exclusively from certain regions and that they were concentrated in strategic sectors of the Department of Peacekeeping Operations. Their influence on political matters in the Department could not be underestimated, and Kenya therefore urged that their number should be reduced, that the principle of equal geographical distribution should be applied to them, and that they should be held accountable in their assignments.

41. Mr. CHAUDHARY (Nepal) said that in view of the resolutions which had already been adopted and the reports which had already been submitted, he would have thought that the General Assembly would be in a position to take a decision at the current session on the question of death and disability benefits for contingent troops. Given the importance of the subject, it was regrettable that such was not the case. In his report (A/50/1009), the Secretary-General raised the possibility of developing a viable commercial policy to cover accidental death and disability risks for contingent troops, but noted that insurers were only prepared to offer coverage because they believed the level of risk had fallen following the winding down of some major operations. As that perception was liable to change, it should be noted that the Advisory Committee's conclusion was that self-insurance would be more cost-effective in the long run.

42. In resolution 49/233, the General Assembly had decided that any system of compensation for death and disability should be based on the principle of equal treatment of Member States. The United Nations must ensure that that cardinal principle was observed at all costs. The other elements of the resolution, namely, the simplification of administrative arrangements and the speedy settlement of claims for compensation, were purely procedural matters, and as for the principle that compensation to the beneficiary should not be lower than the amount reimbursed by the United Nations, it was the responsibility of the Member States concerned to ensure it was observed.

43. The Advisory Committee believed that a uniform self-insurance scheme based on standard compensation rates would be the best long-term solution, and advice to the Secretary-General on the matter should be based on that opinion.

44. Mr. AYEWAH (Nigeria) said there were three reasons why he was concerned at the growing number - 115 on 30 September 1996 - of gratis military officers in the Department of Peacekeeping Operations. Firstly, by the nature of the functions assigned to them, those officers were required to travel frequently and the United Nations was responsible for their travel expenses and per diem allowances. It was therefore not true that they were "free of cost". Secondly, they held a large number of key positions with the Department: they were in the majority in the Field Administration and Logistics Division, the Planning Division, the Military Adviser's Office and the Situation Centre, and they were, in effect, decision makers. Thirdly, their presence could be perceived as a threat by other United Nations staff.

45. A thorough review of the situation was in order, as it seemed to negate the principle of geographical distribution insofar as only affluent States could afford to loan such officers. He recalled, moreover, that, in paragraph 13 of resolution 50/221 B, the General Assembly had requested the Secretary-General to submit a report on the issue, which had not yet been forthcoming.

46. He regretted that the General Assembly had not yet taken a decision on the question of death or invalidity benefits for contingent troops. The current arrangement was not satisfactory. The procedure was not only extremely slow, but also very cumbersome from an administrative point of view, since input from many different sources was required; worse still, Member States were not all dealt with on an equal footing. In fact, as the Secretary-General had observed in his report (A/49/906), a country's domestic legislation could allow reimbursement by the United Nations of an amount higher that the compensation an individual would have received for the same injuries sustained in service with national forces. In resolutions 49/233 and 50/223, the General Assembly had not only concentrated on simplifying administrative arrangements and speeding up the handling of claims, but had also reaffirmed the principle of equal treatment of all Member States. It was to be hoped that the issue would be resolved before the end of the current session.

47. He wished to express his concern over the delay in reimbursement for troops and contingent-owned equipment. While his Government had paid in full its assessed contributions to both the regular and the peacekeeping budgets for 1996, it had yet to be reimbursed in full for expenses it had incurred on behalf of the United Nations. He therefore wished to know if the Secretary-General was still using funds from peacekeeping operations to temporarily fund the regular budget, and how much had been "borrowed" in that way so far.

48. Mr. YEO (Department of Peacekeeping Operations) drew attention to the information document on the administrative and budgetary aspects of peacekeeping operations which had been circulated at the meeting, in which replies could be found to most of the questions put by speakers. A report on gratis military officers had been drafted by the Secretariat and would be circulated soon. On the question of death and invalidity benefits, the Secretariat had not ruled out the possibility of taking out commercial insurance, which was a viable option, despite its stated preference for the self-insurance scheme. The administrative procedures for compensation would be the same under the two systems, as pointed out in paragraph 31 of document A/51/646.

49. Ms. DUSCHNER (Canada), referring to section B of the document circulated at the meeting, which mentioned paragraphs 17 (b) and 18 of the Contribution Agreement (A/50/995), said that she would like to know if the Secretariat agreed with the Advisory Committee's other recommendations on the Agreement (A/51/646). In particular, she wished to have confirmation that, in accordance with article 6.4 of the Agreement, reimbursement covered the costs incurred by contingents for packing equipment and for reasonable time spent preparing for departure. She also pointed out that the phrase "provided that a mandate exists for the continuation of the operation for one year or more", proposed for inclusion in paragraph 18 of annex E of the Agreement (see A/51/646, para. 5), did not appear in the report of the Phase III Working Group (A/C.5/49/70). In that connection, she wished to know how many operations had had their mandate extended by the Security Council for one year or more.

50. Mr. CHAUDARY (Nepal), referring to the clarification offered by Mr. Yeo, said he did not consider the commercial insurance option as envisaged by the Secretariat as a viable option at the moment.

51. Mr. MOKTEFI (Algeria) wished to know whether the General Assembly or some other deliberative body had taken a decision on the question of the rapidly deployable mission headquarters mentioned in paragraph (d) of section A of the document circulated at the meeting. If not, his delegation thought it was premature to talk of the deployment of a body when no decision had yet been taken on setting up such a body.

52. Mr. DOSSAL (Department of Peacekeeping Operations) recalled that, in 1995, the General Assembly had approved the principle of a rapidly deployable mission headquarters and had asked the Secretary-General to submit a detailed proposal on the subject. The Secretary-General's report on the issue was currently being drafted. Roving finance officers were only a small part of that mechanism, and their role in the planned headquarters was outlined in paragraph (d) of section A of the document circulated at the meeting. However, the roving finance officers would not merely assist missions during the start-up phase, but would also offer support in crisis situations and a stop-gap solution when a position fell vacant.

53. Mr. ODAGA-JALOMAYO (Uganda) said that his delegation endorsed the statement made by the representative of Nigeria, in particular with respect to gratis military officers, and asked for the views of the Secretariat on that matter. Furthermore, his delegation was concerned about the management of peacekeeping assets, which had been addressed by the General Assembly in resolution 50/204 C. He drew attention to paragraph 30 of the report of ACABQ (A/50/985), which emphasized the importance of an accurate master inventory for the control of assets, and asked what steps the Secretariat had taken to sep up such an inventory. He also asked whether the item codification project mentioned in paragraph 33 of the report was still being undertaken on a trial basis.

54. Mr. GRANT (United States of America) referring to the question of travel by gratis military officers, asked the Secretariat whether such travel had indeed been undertaken by Secretariat staff members. Some delegations appeared to be under the mistaken impression that gratis military officers had made journeys that were not absolutely necessary.

55. Mr. ODAGA-JALOMAYO (Uganda) said that his delegation wondered what was meant by the expression "gratis" if such military officers travelled at the expense of the United Nations.

56. M. SIAL (Pakistan) said that the document that had been distributed during the meeting did not answer the questions put by his delegation at the two previous meetings. He hoped that the Secretariat would provide the necessary replies at the following meeting.

AGENDA ITEM 120 : HUMAN RESOURCES MANAGEMENT (continued) (A/50/7/Add.8; A/C.5/49/13 and A/C.5/49/60 and Add.1 and 2 and Add.2/Corr.1; A/C.5/50/2 and Add.1; A/C.6/51/7)

57. Mr. CONNOR (Under-Secretary-General for Administration and Management) said that the proposals for the reform of the internal system of justice had been presented to the General Assembly in several reports by the Secretary-General and had been discussed by the Committee during the previous two sessions of the Assembly. The Advisory Committee on Administrative and Budgetary Questions (ACABQ) had also presented its observations during the fiftieth session (A/50/7/Add.8). The Sixth Committee had communicated its views to the President of the General Assembly (A/C.6/51/7), who had transmitted them to the Fifth Committee.

58. Reviewing the background to the question, he said that the reform had been under preparation for several years and that the basic concepts of the proposed system, including binding arbitration, had been submitted to the General Assembly in 1994. The proposed reform was an integral part of the Secretary-General's efforts toward the development of a management environment conducive to staff effectiveness and efficiency, efforts which had been supported by the General Assembly in resolution 49/222 A.

59. He noted that there had been support in the Sixth Committee for the measures which would encourage an early resolution of disputes and for the addition of a Legal Officer to the Panel of Counsel. He regretted, however, that the centrepiece of the proposal, namely the professionalization of the appeal and disciplinary system, had not found favour with that Committee. The Secretariat had taken note of the fact that some delegations had proposed a deferral of the reform for reflection and further consultation with the staff.

60. Given the comments made in the Fifth and the Sixth Committees, and the observations of ACABQ, the Administrative Tribunal and the staff representatives, it seemed that what was now needed was a balanced package of measures which would improve and streamline the system while preserving the joint nature of the process.

61. Practical considerations also had to be taken into account. The cost of the new proposals was counterbalanced by the fact that a large number of individual staff members (91 in New York and about double that figure worldwide) would no longer have to spend a considerable amount of time away from their regular duties. A means would have to be found to make the system run more smoothly without undue disruption to the delivery of programmes mandated by the General Assembly. The entire question of arbitration would have to be rethought and fresh proposals would have to be prepared consisting of elements that would

work together and reinforce one another. The proposals would be elaborated in full consultation with the staff representatives, who were an essential part of the process.

62. Meanwhile, the Secretariat would continue to make modest reforms that did not involve additional cost. Already, the scope of conciliation in the Joint Appeals Board had been expanded, and a simplified expeditious "small claims" procedure had been introduced to process claims for a value of less than $1,500.

63. Ms. WATERS (President of the Staff Union of the United Nations Secretariat) reaffirmed that the staff of the Secretariat accepted and respected the authority of the Secretary-General and stood ready to contribute in the implementation of the measures mandated by the General Assembly to deal with the financial crisis of the Organization. The daily work of the staff put them in a position to evaluate the positive and negative aspects of efficiency measures and to ensure that they were realistic and on target. Senior officials in the Administration sometimes mistook those efforts and labelled them co-management, whereas the guiding principle of staff action was the belief that there were many areas where increased efficiency was possible.

64. In response to criticisms that had been made to the effect that members of the Staff Union were having difficulty in adjusting to changing circumstances, she drew the attention of the Committee to measures recently taken by the Staff Union. A process of self-assessment and revitalization had been undertaken and the Statute of the Staff Union was being rewritten; an Arbitration Committee had been established; subsidiary bodies had been restructured and were providing research on issues such as "rightsizing" and current market trends with respect to remuneration and the long-term implications of the reforms for the international civil service; staff representatives received training in conflict resolution and modern labour practices; and a documents distribution system, separate from that of the Office of Conference and Support Services, had even been created. Those initiatives showed that the Staff Union was by no means an ageing framework resistant to change.

65. During the redeployment exercise, the Staff Union had conveyed information to the staff affected in order to relieve the burden on the Office of Human Resources Management. It had identified staff members who wished to be redeployed and had established a job outplacement service, jointly with management. However, the Staff Union challenged the legality of administrative instruction ST/AI/415, which it saw as violating Staff Rule 109.1, and, with the agreement of the Administration, had referred the matter to the Administrative Tribunal. Despite the far-reaching importance of the case for all staff, the litigation process had been delayed by the Office of Legal Affairs, which had recently been granted an extension to file its reply.

66. It was claimed that the administrative instruction had been drawn up with staff consultation. The reality was quite different. The document had been presented to staff representatives at a three-day session of the Staff Management Coordination Committee (SMCC). In addition, the staff representatives had not been permitted to bring advisers to the session. After an in-depth review of the document by the staff representatives and their legal advisers, there had been a groundswell of rejection by the staff at large. For several months, the staff had sought to amend the document within the framework

of consultations with the Department of Administration and Management, but that body had made only minor changes.

67. The staff remained convinced that with minimal investment in training, every individual on the redeployment list could be placed. While accepting the inevitability of downsizing, the Staff Union maintained that that should be accomplished through attrition and efficiency and with complete respect for the Staff Rules and Regulations. She noted with disappointment that, while the Secretary-General had used his discretionary authority to grant exemptions to the recruitment freeze, nothing was being done to protect the careers of the civil servants on the redeployment list.

68. The Staff Union was concerned that parts of the Administrative Instruction in question had already been included in the Staff Rules and Regulations in the form of amendments to rules on special leave and termination indemnity. It was important for the staff to be assured that further redeployment would be undertaken with thorough staff-management consultation at all levels, after a review of the exercise now nearing completion.

69. The Union was deeply concerned that the 1998-1999 budget process was beginning with the predetermined goal of eliminating 1,000 posts and maintaining the 6.4 per cent vacancy rate. That reduction would severely curtail programme delivery in many substantive areas.

70. While welcoming the global approach to the Secretariat, the staff feared the decentralization of authority to managers who had been labelled by their own administration as needing improvement and training. Management training was provided at considerable expense to the Organization. Everyone had the right to expect improvements in return and evaluations should be conducted among the managers's staff to determine if any new concepts were put into effect in the office environment. Where no improvements had been made, penalties, including demotion and termination, should be applied.

71. The Office of Human Resources Management had a great deal of responsibility, but very little power. Staff were too frequently at the mercy of departments which retained much control over posts, placement and promotion, training and the use of consultants. There was a need to put an end to nepotism and provide the Office with the necessary tools to perform its monitoring functions effectively.

72. The United Nations was not a commercial enterprise, and its success should not be judged on the basis of financial profit. The staff believed, as did many members of the Committee, that the performance appraisal system was better suited to the private sector than the United Nations. There were still many unanswered questions about how the system would be applied for promotions and a genuine career management and development system, which was to be established. The staff expected that the performance appraisal system would be a main issue on the next agenda of the Staff Management Coordination Committee. The validity of permanent contracts was being debated extensively, as it had been in the past. In the view of the Staff Union, permanent contracts were essential and should represent a larger percentage of contracts in general if the independence and impartiality of the international civil service was to be maintained.

73. The staff had worked very closely with management on the proposed reforms to the internal system of justice. Nevertheless, the Union had had to withdraw support for the proposed reforms because it believed that staff members should have the right to have their cases heard by their peers. They fully agreed with the need to appoint a Legal Officer to the Panel of counsel and would have wished that independent attorneys could represent staff. The Staff Union also supported the establishment of an ombudsman panel with an ombudsman at a sufficiently high level to mediate cases independently.

74. Referring to the statement that she had made on Staff Day, in which some had seen criticism of the Secretary-General, she stressed that, on the contrary, she had praised him for showing a clear and true vision of the international civil service and appealed for his intervention to stop the involuntary termination of staff.

75. The positive results achieved at two recent staff-management meetings were largely attributable to the Fifth Committee's interest in the matter. The Staff Union hoped that that attitude would lead to the establishment of a new staff-management relationship in an atmosphere of complete cooperation, respect for mutual interest and transparency. In that manner, the staff could suggest solutions to and provide support for the Secretary-General in achieving the objectives sought by the General Assembly. In that regard, there were several national staff-management consultation systems that could well serve as models.

76. The staff hoped that the Committee would fully support the continuation and the strengthening of the Staff Management Coordination Committee, which was the instrument by which the joint objectives - efficiency and the continued survival of the international civil service serving the Organization - could best be achieved.

77. Mr. FATTAH (Egypt) and Mr. SIAL (Pakistan), expressed appreciation to the President of the Staff Union for her very constructive statement and said that her remarks should be duly taken into consideration in the ongoing discussions on that agenda item and others connected with it.

78. Mrs. BUERGO RODRIGUEZ (Cuba) said that she supported the conclusions reached by the Sixth Committee concerning the proposals for reforming the internal system of justice of the Secretariat, as set forth in document A/C.6/51/7, and felt that it would indeed be preferable to defer the reform until certain problems raised by those proposals had been solved. She thanked the President of the Staff Union for her statement and said that, in view of the link between human resources management and other questions under consideration, it was important for the Committee to be able to learn first-hand the views of the staff in order to have all the information for continuing in a useful manner its informal consultations. Noting that the Staff Union supported the establishment of mediation groups for considering complaints of abuse or discrimination by departments, she wished to know whether there were many such complaints. Lastly, she pointed out that she had requested the Secretariat to provide information on staff that were seconded and hoped that it would be provided before the start of the informal consultations.

79. Mr. MOKTEFI (Algeria) said that he also felt that the reform of the internal system of justice was a process which, in view of its importance,

should not be carried out hastily. There were still problems with regard to numerous issues, such as the possible establishment of a disciplinary board and arbitration boards. The comments made by the Sixth Committee were very instructive and must be taken into account. His delegation furthermore welcome the statement by the President of the Staff Union and said that the dialogue between management and staff, which would only help the Organization, must continue.

80. Mr. MAZAMBO (Zimbabwe) welcomed the conclusions of the Sixth Committee concerning the proposals for the reform of the internal system of justice which, in his opinion, raised many problems. To replace the Joint Appeals Board by an Arbitration Board, the members of which would be recruited outside the United Nations system, did not seem very fair to the staff, who might dispute the decisions of such a body if they were seen as being imposed unilaterally by external arbitrators who tended to favour the Administration. The staff members on the Joint Appeals Board were perfectly capable of analysing the facts submitted to them; they did not need to be lawyers. His delegation also welcomed the statement by the President of the Staff Union, whose comments would be useful to the Committee in its future discussions.

81. Mr. HANSON (Canada) regretted that the reform of the internal system of justice was still encountering a number of problems; it was to be hoped that they would be resolved since there was clearly a need to change the current system. In the meantime, it was essential that all parties should respect the requirements of due process. The statement by the President of the Staff Union seemed to him to be conducive to a productive dialogue between the Administration and the staff; that was something the Organization needed more than ever.

AGENDA ITEM 141 : REPORT OF THE SECRETARY-GENERAL ON THE ACTIVITIES OF THE OFFICE OF INTERNAL OVERSIGHT SERVICES (continued) (A/50/945, A/50/1004, A/50/1005, A/51/302, A/51/305, A/51/432, A/51/467, A/51/486 and A/51/530)

82. Mr. GRAMS (United States of America) said he was pleased to note that the Office of Internal Oversight Services (OIOS), the recent establishment of which had made good a serious deficiency, was now an integral part of the arrangements made to introduce a new style of management in the United Nations. The Secretary-General's report on the activities of the Office, the first covering a whole year, was outstandingly clear and concise and, in general, was set out in a way that made it an extremely user-friendly document. Other bodies, such as the Joint Inspection Unit (JIU) and the Board of Auditors, could usefully take it as a model for their own reports. At the same time, the quality of the various audit reports submitted by OIOS had improved.

83. Although much remained to be done, in particular the publication of an OIOS manual, the results were already very encouraging. The recommendations of the Office had identified potential savings of $18.7 million. A short audit of the International Criminal Tribunal for Rwanda, for example, had resulted in savings of $3.2 million in construction costs. Given that result, it was to be hoped that the Office would scrutinize all the activities of the United Nations and that the principle of more systematic internal oversight would be extended to all the specialized agencies.

84. During the year, the Investigations Section had received 205 complaints, which had led to the publication of numerous reports. The investigative work had, in particular, revealed serious shortcomings in the management of the gift shop at United Nations Headquarters and recommendations had been made on that matter. In another area, the Investigations Section had studied the question of seminars organized by the Special Committee on decolonization and had identified an apparent wastage of resources on travel costs; there again, it had made recommendations which should be followed up without delay. Those two examples, among others, showed the importance of the work of the Investigations Section and the need to give it priority with respect to staffing, as the Under-Secretary-General for Internal Oversight Services had decided.

85. Procurement was one of the areas that was still plagued by abuses and anomalies and it was reasonable that OIOS should continue to make procurement one of its top priorities. It was worth noting that the Office itself had been subjected to an inspection by the Board of Auditors and that it was setting an example for the Organization as a whole by improving its own operations on the basis of the recommendations made, as indicated in the Board's report.

86. If the work of the Office was to bear fruit, it was important to ensure that its recommendations were fully implemented by all programme managers; Member States should also show that they took the mission of OIOS seriously by supporting its activities and by giving it the means to carry out its work, in particular by providing adequate funds so that it could carry out the travel necessary for its investigative work. His delegation attached the greatest importance to the effectiveness and dynamism of OIOS, which it regarded as vital to the reform of the Organization.

87. Mr. GHESDAL (Norway) said he was gratified to note that the report on the activities of the Office was concise and very readable. It was clear from the report that awareness of the need to reform the managerial methods of the Organization was gradually gaining ground. Progress had been made in the alignment of the work programmes of OIOS and the Board of Auditors, and a similar alignment was currently under discussion with JIU. His delegation took note of the information that had just been provided by the Chairman of the Board of Auditors concerning the planned tripartite meeting between the Board, JIU and OIOS. However, his delegation, like that of Ireland, was rather disappointed with the observations made by JIU on the activities of the Office (A/51/530).

88. His delegation considered that oversight work should continue to focus as a matter of priority on the four areas covered in chapter II of the report. The establishment of a procedure for systematic follow-up of earlier recommendations by the Office could only help to strengthen its authority and enhance its credibility. In order to give it the means to increase its effectiveness still further, the permanent and temporary posts on its staffing table should be filled and it should be given adequate resources, in particular for the travail of its investigators. In the case of OIOS, those costs were more than offset by the savings made as a result of its work.

89. In the context of the medium-term plan, his delegation believed it would be unfortunate to merge administrative services (programme 24) and internal oversight (programme 25), a move which would inevitably jeopardize the independence and impartiality of the Office.

90. It was gratifying to note that the Office was gradually overcoming the reluctance of programme managers, who were coming to accept critical internal oversight. Like the delegations of Japan and Canada, however, his delegation considered that OIOS should become even more pro-active by providing advice on effective management in order to prevent problems from arising.

91. It must be noted that, once again, only a small share of the Office's resources had been devoted to evaluation. Nonetheless, his delegation was satisfied with the individual evaluation reports, such as those on the termination phase of peacekeeping operations (E/AC.51/1996/3) and the triennial review of the follow-up to the evaluation of the Office of the United Nations High Commissioner for Refugees (UNHCR) (E/AC.51/1996/4). It also welcomed the more general report on strengthening the role of evaluation findings in programme design, delivery and policy directives (A/51/88) and, in that connection, awaited with interest the guidelines on internal oversight within each unit at the departmental level, which the Committee for Programme and Coordination had encouraged the Office to develop.

92. With respect to the oversight of peacekeeping operations, his delegation welcomed the establishment of a Lessons Learned Unit in the Department of Peacekeeping Operations. Norway had strongly supported that initiative because it would enable the Organization to take full advantage of its previous experience in starting up new missions.

93. In the field of humanitarian activities, the Office had rightly concentrated its oversight work on UNHCR, the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and the Centre for Human Rights. With respect to the Centre, the new structure being implemented provided for a more rational division of responsibilities, but the need for a system of programme oversight must be addressed in the restructuring exercise. With respect to UNHCR, the Office, like the Board of Auditors, had identified continuing weaknesses in the financial controls of implementing partners and in the ability of UNHCR to monitor their activities. That issue merited further attention in the coming year. Lastly, with regard to the inspection of UNRWA, in which the Office had identified significant managerial problems at the headquarters level, his delegation noted with satisfaction that the newly appointed Commissioner-General of UNRWA had already initiated action to address the most pressing of the Office's recommendations.

94. Mr. RANTAO (Botswana) said that he associated himself with the comments made by the Group of 77 and China. He urged all Member States to give full support to the Office of Internal Oversight Services and to see that its work was not stalled or obstructed. Priority should be given to inventing a better management culture in the Organization. The management training exercise being conducted was a step in the right direction, but he wondered whether it would usher in new thinking in management practice.

95. The irregularities or anomalies uncovered in the Office's report were clearly detrimental to the Organization's reputation, but the United Nations must meet the requirement of transparency. In that connection, it seemed that information on the activities of some United Nations agencies and peacekeeping operations was sometimes deliberately omitted from documents intended for the

General Assembly. His delegation wanted to know whether that practice was common and, if so, how the problem could be addressed.

96. Mr. AL-YAHYA (Kuwait) said that he supported the efforts of the Office of Internal Oversight Services in the area of management reform and welcomed the Office's close cooperation with other oversight bodies, such as the Board of Auditors and the Joint Inspection Unit. He associated himself with the representatives of other countries who had stressed the need to implement the Office's recommendations and to determine who was responsible for the irregularities identified.

97. His delegation agreed that peacekeeping operations, humanitarian activities, procurement and problems in establishing new bodies should be priority areas for oversight. It welcomed the action taken by the Audit and Management Consulting Division, which had identified $12 million in potential recoveries and savings and had enabled the United Nations to save and recover nearly $9 million.

98. With respect to peacekeeping operations, the audit conducted in August 1993 had revealed that the United Nations Iraq-Kuwait Observation Mission (UNIKOM) had erroneously paid mission subsistence allowance to its staff for annual leave, compensatory time off, weekends and holidays. Since the audit conducted in July 1995 had found that UNIKOM had initiated no action to recover those funds, the Office had asked the Field Administration and Logistics Division to ensure that UNIKOM management recovered all of the overpayments, which were estimated at $844,000. The delegation of Kuwait wondered why UNIKOM had taken no action in that regard. It wanted to know how much of that amount had already been recovered and how long it would take to recover the total amount of the overpayments.

ORGANIZATION OF WORK

99. Mr. FATTAH (Egypt) point out that the draft resolutions considered by other committees often included paragraphs relating to budgetary matters, which were exclusively within the competence of the Fifth Committee. Such a procedure clearly contravened rule 153 of the rules of procedure of the General Assembly, as well as Assembly resolution 41/213, which defined the budget process. The tendency of other bodies to involve themselves in administrative and budgetary matters, at which the Assembly had already expressed concern in its resolution 45/248 and which had surfaced once again at the previous day's meeting of the Fourth Committee, could only create confusion and jeopardize the outcome of informal consultations by making it harder to achieve consensus.

100. Mr. ZHANG Wanhai (China) and Mr. MOKTEFI (Algeria) said that they fully supported the comments made by the Egyptian delegation, and asked the Chairman to report the concerns of the Fifth Committee to the Chairman of the Fourth Committee.

101. Ms BUERGO RODRIGUEZ (Cuba) and Ms. ICERA (Costa Rica) said that they associated themselves with the comments made by the preceding speakers, but felt that the Chairman should report those concerns to all of the Main Committees, not only the Fourth Committee.

102. Mr. IRAGORRI (Colombia) emphasized that it was the phrase "within existing resources" that caused problems in the consideration of draft resolutions or decisions. Therefore, it would be advisable to omit that phrase so that efforts to reach consensus would not be hindered.

103. Mr. HO (Singapore) said that it would be useful for the Secretariat to define exactly what was meant by "within existing resources".

104. Mrs. EMERSON (Portugal) said that it would be sufficient for the Chairman to report the concerns of the Fifth Committee to the Chairmen of the other Main Committees and to remind them of the relevant provisions: rule 153 of the rules of procedure of the General Assembly and Assembly resolutions 41/213 and 32/211, which contained all of the necessary guidelines.

105. The CHAIRMAN said that, if he heard no objection, he would report accordingly to the Chairmen of the other Main Committees.

106. It was so decided.

The meeting rose at 1.15 p.m.